

*Tax measures in favor of companies  
(updated on 4 November 2020)*

<p><b>Postponement of certain tax due dates</b></p>	<p>Companies adversely impacted by an <b>interruption or restriction of activity</b> related to a closure measure in curfew zones, or whose financial situation justifies it, may obtain, upon request made to the relevant tax office and after review on a case-by-case basis, <b>deferrals</b> for the payment of their direct tax (excluding VAT and income tax withheld at source) until the next due dates.</p> <p>The limit payment date for the <b>2020 real estate tax</b> due by companies owning and operating their commercial or industrial premises can be postponed by 3 months upon request.</p> <p><i>Reminder – Companies had the possibility to postpone, for a period of 3 months and under certain conditions, the payment of their direct taxes due in March, April and May.</i></p> <p><i>Extensions of time (for electronic filing and electronic payment) and postponements of due dates have also been granted with respect to the payroll tax.</i></p>
<p><b>Adjustments to the modalities of payment of corporate income tax installments</b></p>	<p>For any fiscal year beginning before 20 August 2020, the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> installments of corporate income tax and social contribution due as from June 2020 can be <b>modulated</b>, without any particular formalism, within the following limits:</p> <ul style="list-style-type: none"> <li>- 2<sup>nd</sup> installment: adjustment so that the sum of the 1<sup>st</sup> and the 2<sup>nd</sup> installments is at least equal to 50% of the estimated corporate income tax amount for the current financial year, with a margin error of 30%;</li> <li>- 3<sup>rd</sup> installment: adjustment so that the sum of the first three installments is at least equal to 75% of the estimated corporate income tax amount for the current financial year, with a margin error of 20%;</li> <li>- 4<sup>th</sup> installment: adjustment so that the sum of all the installments paid is at least equal to the estimated corporate income tax amount for the current financial year, with a margin error of 10%.</li> </ul> <p>In case of under-adjustment (above the margins errors), a 5% penalty and interest for late payment may be applied at the payment time of the due balance.</p> <p>Large companies may only benefit from these flexible adjustment options if they comply with the responsibility commitments connected to the support measures (i.e. non-payment of dividends; etc.).</p> <p><i>Reminder – Companies have already been able to benefit from deferrals or suspensions of their installments due in March and June 2020.</i></p>
<p><b>Tax remissions</b></p>	<p>Companies may benefit from <b>remissions</b> of direct taxes (excluding VAT, income tax withheld at source on compensation paid to employees and specific tax on insurance contracts) in case of <b>difficulties that would not otherwise be overcome by deferred payments of taxes</b>; elements evidencing the impossibility of payment must be included in the application (drop of turnover; existence of other debts to be honored; cash position; etc.).</p> <p>The application shall be made to the tax office to which the company is affiliated, using a specific form (available at <a href="https://www.impots.gouv.fr">https://www.impots.gouv.fr</a>).</p>
<p><b>Postponement of the annual declaration of the transfer pricing policy</b></p>	<p>Companies which exceed certain thresholds (or belonging to the same economic group as a company which exceeds them) are required to file a special declaration which takes the form of a lighter version of the transfer pricing documentation.</p> <p>In principle, this declaration must be sent to the administration within six months following the filing of the tax return.</p> <p>However, the French tax authorities allow the filing of this declaration on 31 December 2020 at the latest for companies closing their financial year on 31 December 2019.</p>

	As regard companies whose financial year does not close on calendar year and which benefit from a postponement of the filing date of their tax return, a similar postponement is allowed.
<b>Exemption of sums paid by the Solidarity Fund to companies</b>	Aids paid by the Solidarity Fund are exempt from income tax and social contributions deriving from any applicable law or agreement.
<b>“Covid-19” payment plan</b>	<p>All companies may request a specific payment plan for their taxes. The plan is to be drawn up according to the company’s tax and social indebtedness and has a maximum 36-months’ duration.</p> <p>Companies eligible for the plan must:</p> <ul style="list-style-type: none"> <li>- be up-to-date with their tax reporting obligations on the date of their application,</li> <li>- employ less than 250 employees on the date of the application and, with respect to their last closed fiscal year, have generated a turnover (excluding VAT) of less than €50 million or had a balance sheet total of less than €43 million. These thresholds are assessed at group level for companies belonging to a consolidated tax group or an economic group within the meaning of the contribution on the added value of companies,</li> <li>- certify that they have requested from their private creditors an extension of payment or additional funding facilities for the payment of their debts whose due date occurred between 1 March and 31 May 2020 (other than loans guaranteed by the State).</li> </ul> <p>The payment plan may cover direct and indirect taxes collected by the French tax authorities (other than those resulting from a tax audit), for which the payment due date occurred between 1 March 2020 and 31 May 2020, or should have occurred during this period in the absence of deferral due to the health crisis.</p> <p>These include in particular:</p> <ul style="list-style-type: none"> <li>- VAT and income tax withheld at source due for the months of February to April 2020, which should have been paid from March to May 2020;</li> <li>- balances of corporate income tax and contribution on the added value of companies due for the months of March to May 2020 whose payment date has been postponed.</li> </ul> <p>A specific form must be filed with the relevant tax office through the company’s professional online tax account or, failing this, by email or post.</p>
<b>Anticipated refund of tax credits</b>	<p>Companies entitled to one or more tax credits that are refundable in 2020 (e.g. CIR, CICE, etc.) may request the refund of the balance of these tax credits (after offset against their corporate income tax due as the case may be) before filing their corporate income tax return.</p> <p>Relevant companies must apply through their professional online tax account (at <a href="https://www.impots.gouv.fr">https://www.impots.gouv.fr</a>) and electronically file the following documents:</p> <ul style="list-style-type: none"> <li>- the refund claim (Form 2573);</li> <li>- the form that justifies the corresponding tax credit (Form 2069-RCI or specific form, unless already filed);</li> <li>- in the absence of corporate income tax return, the corporate income tax balance statement (Form 2572) allowing to settle the tax due and to establish the refundable claims for 2020.</li> </ul>
<b>Anticipated refund of carry-back claims</b>	Companies may benefit, upon request, from an anticipated refund of their <b>carry-back claims arising from an option made on the end of 2015 to 2019 financial years and those that would be recognized in respect of any fiscal year ending on 31 December 2020 at the latest.</b>

	<p>When the request for reimbursement relates to a carry-back claim recognized at the end of a fiscal year ending in 2020, companies are required to file a carry-back declaration (Form 2039) and a refund claim (Form 2573); the tax return of the fiscal year (Form 2065) and the balance statement (Form 2572) are not mandatory and will have to be filed no later than the 15<sup>th</sup> of the 4<sup>th</sup> month following the end of the fiscal year, or on 15 May 2021 for fiscal years ending on 31 December 2020.</p> <p>When the request for reimbursement relates to the balance of a previous carry-back claim that has already been declared, it must be made via the electronic filing of a form (Form 2573).</p>
<p><b>Measures in favor of lessors</b></p>	<p>Specific measures have been taken to encourage lessors to forgive rents due by their tenants during fiscal years ending on or after 15 April 2020.</p> <p><i>For lessors taxable under the <b>revenus fonciers</b> category (art. 14 B of the FTC)</i></p> <p>Income taxable under the <i>revenus fonciers</i> category do not qualify as taxable income where the lessor has forgiven such income, between 15 April and 31 December 2020, to the benefit of a corporate tenant that does not qualify as a related entity with the landlord.</p> <p>It the corporate tenant is operated by a lessor's ascendant or descendant or a member of the lessor's tax household, the benefit of this measure is conditional upon the fact that the lessor can justify by any means the reality of the corporate tenant's treasury issues.</p> <p>Expenses related to the forgiven income remain tax deductible.</p> <p>The law does not provide for a right of the lessor to recognize a tax deductible loss equal to the income forgiven.</p> <p><i>For lessors taxable under the <b>BIC</b> category or subject to corporate income tax (art. 39-1-9° of the FTC)</i></p> <p>Forgiveness of receivables corresponding to rental income and accessories, made between 15 April and 31 December 2020, and relating to properties rented to a corporate tenant that is not a related entity to the lessor, are tax deductible for purposes of computing the lessor's net income.</p> <p>The law does not provide for the non-taxation of rental income and accessories that would be forgiven by lessors taxable under the BIC category or subject to corporate income tax.</p> <p><i>For lessors taxable under the <b>BNC</b> category (art. 92 B and 93 A-I of the FTC)</i></p> <p>Rental income and accessories, relating to properties rented to a corporate tenant that is not a related entity to the lessor, and that are forgiven between 15 April and 31 December 2020, do not qualify as taxable income of the lessor having forgiven them.</p> <p>For those lessors having elected for the regime provided for by art. 93 A of the FTC, forgiveness of rental income and accessories made between 15 April and 31 December 2020, and relating to properties rented to a corporate tenant that is not a related entity to the lessor, are tax deductible for purposes of computing the lessor's net income.</p> <p><i>A related entity is defined by reference to Article 39-12 of the French tax code pursuant to which affiliation links are deemed to exist between two undertakings (a) where one of the undertaking holds directly or through an interposed person the majority of the share capital of the other undertaking or exercises de facto therein the decision power, or (b) where the two undertakings are under the control of a third undertaking under the conditions defined in (a) above.</i></p> <p>In a press release dated 30 October 2020, the French Government also announced that the draft Finance Bill for 2021 will introduce a tax credit to encourage lessors to forgive rents.</p>

	<p><i>According to the latest information available, this measure should benefit to companies forgiving rents to companies with less than 5,000 employees, administratively closed or belonging to the professional hospitality sector.</i></p> <p><i>Any lessor who agrees to forgive all or part of the rents that would normally have been due during the lockdown resulting from the application of Article 4 of Decree no. 2020-1310 dated 29 October 2020 could benefit from a tax credit equal to 50% of the amount of rents forgiven. With respect to forgiveness of rents made to companies employing between 250 and 5,000 employees, the base of the 50% tax credit would be limited to an amount of rents equal to two-thirds of the amount effectively forgiven. This aid would be cumulative with the solidarity fund.</i></p>
<p><b>Measures in favor of tenants</b></p>	<p>Where a tenant subject to corporate income tax benefits from a forgiveness of rent and accessories under the conditions described above (art. 39-1-9° of the FTC), the € 1,000,000 limit provided for the offsetting of carried forward tax losses is increased by the amount of such forgiven rent and accessories.</p> <p>This measure applies to fiscal years closed as from 15 April 2020.</p>

*Specific measures regarding time limits applicable for tax audit purpose  
(updated on 4 November 2020)*

**Suspension and modification of the starting point of certain time limits**

Article 10 of ordinance no 2020-306 of 25 March 2020, as amended by Article 1 of ordinance no 2020-560 of 13 May 2020, provided for the suspension of certain statutory deadlines applicable for tax audit purposes.

The suspension period ran from 12 March 2020 to 23 August 2020.

In practice : (i) legal deadlines that were already running on 12 March 2020 are suspended (and therefore extended) and (ii) the starting point of legal deadlines that should have started to run during the suspension period is postponed to 24 August 2020.

The relevant legal deadlines are, in particular, the following:

a) the statutes of limitations (Articles L. 168 à L. 189 of the French tax procedures code) which expire on 31 December 2020; and

b) all the other legal deadlines provided for in the context of the conduct of control and investigation procedures in tax matter (Title II of the French tax procedures code relating to "Tax Control"), as well as those provided for in the context of on-the-spot investigation of claims for reimbursement of value added tax credits (Article L. 198 A of the French tax procedures code).

The suspension is also applicable to legal deadlines applicable with respect to the granting of tax rulings. For the latter, the suspension period was from 12 March 2020 to 23 June 2020.

Warning: save for the specific measures detailed in our other memos, taxpayers do not benefit from any suspension for the filing of their tax returns and the payment of their taxes.

*Note: identical provisions are also applicable with respect to legal deadlines provided for by the French customs code.*

**Social measures in favor of companies  
(updated on 4 November 2020)**

<p><b>Implementation of payment plans with respect to deferred contributions</b></p>	<p>Under certain conditions, companies were able to defer the payment of employer and employee social security contributions falling due on 5 April, 5 May and 5 June 2020, without any penalty.</p> <p>A deferral or a timing agreement was also provided for in respect of supplementary pension contributions.</p> <p>An amicable payment plan should be proposed for these various contributions.</p>
<p><b>Timing of payment with respect to social security contributions due on 5 November and 15 November 2020</b></p>	<p>In order to take into account the new health restriction measures, employers may defer, without penalty or late payment interest, the payment of all or part of their employee and employer contributions due on 5 November 5 and 15 November 2020. The deferral also applies to supplementary pensions contributions.</p> <p>This deferral only applies to payments; declarations will still have to be filed on statutory due dates.</p> <p>In order to benefit from the deferral, employers are required to fill in a prior application online; it being specified that, in the absence of answer from Urssaf within 48 hours, the application is deemed to be accepted.</p>
<p><b>Suspension of recovery actions</b></p>	<p>Amicable reminders and amicable or forced recovery actions (formal notices, constraints, etc.) are suspended as from 13 March 2020, including with respect to existing receivables.</p> <p>Bailiffs are instructed to suspend any actions with respect to receivables entrusted to them.</p> <p>If a company has reached to an agreement with the URSSAF to reschedule its debts, the agreed schedule is automatically postponed for 3 months.</p> <p>Such suspension is however not applicable to receivables related to reassessment for undisclosed work.</p>

### Specific measures applicable to distressed companies\*

\* These measures are not included in the exceptional measures decided by the French State to support companies during the Covid 19 crisis. They are nevertheless described as they could be of particular interest in the current context.

<p><b>Deferred payment granted by the Commission of Chief Financial Officers (the “CCSF”)</b></p>	<p><u>Purpose:</u></p> <p>The CCSF may grant deferrals to companies which face difficulties in meeting a tax or a social payment deadline.</p> <p><u>Application:</u></p> <p>The request is made by post by the company itself, or by its <i>ad hoc</i> representative. It has to be sent by post to the permanent secretary of the CCSF.</p> <p>The competent CCSF is that of the registered office of the company (or of its main establishment if different).</p> <p><u>Requirements:</u></p> <p>The request is admissible only if the company:</p> <ul style="list-style-type: none"> <li>- is up to date with the filing of its tax and social returns, the payment of employee contributions and the remittance of income tax withheld at source on compensation paid to employees;</li> <li>- has not been convicted for concealed work.</li> </ul> <p><u>Relevant debts:</u></p> <p>The relevant debts include those relating to taxes, social security contributions (mandatory portion) - excluding the employee share of social contributions and income tax withheld at source and that has to be remitted to the French treasury; regardless of their amount.</p> <p><u>Contents of the application file:</u></p> <p>The application file contains a standard form to be completed and the following documents to be attached:</p> <ul style="list-style-type: none"> <li>- a certificate justifying the state of financial difficulties;</li> <li>- a certificate on honor justifying the payment of the employee’s share of social security contributions;</li> <li>- the last 3 balance sheets;</li> <li>- a forecast for the coming months of the turnover, excluding VAT, and of the cash flow;</li> <li>- the current state of cash flow and the turnover, excluding VAT, carried out since 1 January;</li> <li>- a detailed statement of the tax and social liabilities.</li> </ul> <p>A simplified application file is also provided for very small companies.</p> <p>In the context of a conciliation, safeguard or reorganization proceeding, a request for a rebates may also, under certain conditions, be submitted to the CCSF. It is specified that these rebates do not apply to VAT and registration duties.</p>
<p><b>Early refund of carry-back claims</b></p>	<p><u>Purpose:</u></p> <p>Companies may, under certain conditions, opt to carry-back their tax losses.</p> <p>This option gives rise to a claim on the French Treasury that can be used for the payment of corporate income tax. At the end of a period of 5 years, the portion of the claim that could not be set off against the corporate income tax is refunded.</p> <p>Distressed companies may benefit, under certain conditions, from an early refund of the claim.</p>

	<p><u>Relevant companies:</u></p> <p>The measure applies to private legal persons that are subject to a safeguard (including accelerated financial safeguard), a reorganization or a judicial liquidation proceeding.</p> <p><u>Relevant claims:</u></p> <p>The early refund applies to claims not used from the date of the judgement that opened one of the safeguard, reorganization or judicial liquidation proceedings, as well as claims arising during the period covered by these proceedings.</p> <p><u>Amounts that can be refunded:</u></p> <p>The amount of the claim eligible for an early refund is reduced by an interest applied to the portion of the claim not used at the time of the request.</p> <p>This interest, whose rate is equal to the legal interest rate for the month following the request, is calculated from the first of the month following the request until the end of the 5<sup>th</sup> year following the end of the financial year in respect of which the option is exercised.</p> <p><u>Application</u></p> <p>Application is to be sent to the public accountant responsible for the collection of corporate income tax. The following must be attached to the application:</p> <ul style="list-style-type: none"> <li>- a Form 2039-SD for the year in which the claim was recorded;</li> </ul> <p>a copy of the judgement opening the safeguard, the reorganization or the judicial liquidation proceeding.</p>
<p><b>Early refund of research tax credits (the “CIR”) and tax credits for the competitiveness and employment (the “CICE”)</b></p>	<p><u>Purpose:</u></p> <p>CIR and CICE are tax credits that can be offsets against corporate income tax due by companies.</p> <p>The portion of CIR or of CICE that could not be offset against corporate income tax due by a company constitutes a claim on the State that is refunded at the end of a period of 3 years following the year in which the claim was recorded.</p> <p>Companies are entitled to request the refund of their 2016 CIR or CICE claim (see general tax measures above)</p> <p>Distressed companies may benefit, under certain conditions, from an early refund of their claims. This measure allows them to obtain an immediate refund of their 2017, 2018 and 2019 CIR claims and their 2017 and 2018 CICE claims.</p> <p><u>Relevant companies:</u></p> <p>Companies that have been subject to a conciliation, a safeguard, a reorganization or a judicial liquidation proceeding.</p> <p><u>Relevant claims:</u></p> <p>The immediate refund is applicable to claims not used as at the date of the decision to open a conciliation proceeding or the judgement that opened any of the safeguard, reorganization or judicial liquidation proceedings, as well as claims arising during the period covered by these proceedings.</p> <p>It is specified that, in order to obtain their refund, companies must have retained ownership of the claims.</p> <p>Therefore, if a claim has been pre-financed (e.g. via a Dailly assignment), the claim can no longer be reimbursed to the assigning company.</p> <p>The claim can however be refunded to the assignee when:</p> <ul style="list-style-type: none"> <li>- the claim has been assigned by the assigning company after the latter has been subject to a conciliation, safeguard, reorganization or judicial liquidation proceeding; or</li> </ul>



- the assignee is itself subject to a conciliation, safeguard, reorganization or judicial liquidation proceeding.

Application:

The holder of a claim who wishes to obtain its immediate refund must attach to its request a copy of the decision to open the conciliation proceeding or the judgement opening the safeguard, the reorganization or the judicial liquidation proceeding. Form no 2573-SD must also be submitted.

The request for the refund must be made to the accounting officer of the DGFIP responsible for the collection of corporate income tax.